



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 30, 1999

S. 430

Kake Tribal Corporation Land Transfer Act

As ordered reported by the House Committee on Resources on November 3, 1999

SUMMARY

S. 430 would authorize the Secretary of Agriculture to make grants and enter into cooperative agreements with the city of Kake, Alaska, to prepare and implement a watershed management plan for certain lands located within its municipal watershed. S. 430 also would direct the Secretary to convey to the Kake and Sealaska tribal corporations the surface and subsurface estate of certain lands within the Tongass National Forest, subject to certain conditions.

Based on information from the Forest Service and the Kake Tribal Corporation (KTC), CBO estimates that implementing S. 430 would cost \$15 million over the 2001-2004 period, assuming appropriation of the necessary amounts. The act would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. S. 430 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by the state of Alaska under this act would be voluntary.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Several steps would be necessary before the land exchange between the Secretary of Agriculture and the tribal corporations would occur. First, the tribal corporations must grant a conservation easement for about 2,500 acres of land owned by the corporations that are located within the city's municipal watershed. Next, the tribal corporations would need to transfer ownership of some of their land within the municipal watershed to the city. Finally, the state of Alaska would need to relinquish its selection rights to about 1,400 acres of land in the Tongass National Forest that would be conveyed to the tribal corporations under the act. Based on information from each of these interested parties, CBO expects that agreements to fulfill each of these conditions will be reached in 2000.

Because the state of Alaska currently has selection rights to certain lands in the Tongass National Forest, the Forest Service does not plan to harvest timber on the 1,400 acres that would be transferred to the tribal corporations under S. 430. Therefore, this transfer would not affect federal receipts. Based on information from the Forest Service and the KTC, CBO estimates that the tribal corporation will seek monetary compensation from the federal government in exchange for the conservation easement granted on its land within the municipal watershed. Based on the potential value to the tribal corporation of developing these lands, we estimate the conservation easement could be worth as much as \$15 million. Any such compensation would be subject to the availability of appropriated funds.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 430 contains no intergovernmental mandates as defined in UMRA. The state of Alaska might incur some costs should it choose to relinquish its selection rights to the land proposed for conveyance to the tribal corporations. Such costs would be incurred voluntarily, however. The tribal corporations would benefit from enactment of this legislation because the land they would receive could be developed to generate income.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

PREVIOUS CBO ESTIMATE

On March 11, 1999, CBO transmitted a cost estimate for S. 430 as ordered reported by the Senate Committee on Energy and Natural Resources on March 4, 1999. Under that version of S. 430, the Secretary of Agriculture and the tribal corporations would enter into an equal value land exchange. The tribal corporations would receive the surface and subsurface estate of unspecified lands within the Tongass National Forest in exchange for the surface and subsurface estate of the municipal watershed lands, which the Forest Service would manage.

The Senate version would not authorize the Secretary of Agriculture to enter into agreements and make grants to assist in implementing a watershed management plan, which CBO estimates could cost up to \$15 million over the 2001-2004 period, assuming the appropriation of the necessary amounts.

ESTIMATE PREPARED BY:

Federal Costs: Megan Carroll

Impact on State, Local, and Tribal Governments: Marjorie Miller

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis